



Legislation Text

File #: 08-0489, Version: 1

An Ordinance to Amend Sections 2:61, 2:62, 2:63, 2:64, 2:65 and 2:69 of Chapter 29 (Increase Water, Sewer and Stormwater Rates) of Title II of the Code of the City of Ann Arbor - Water, Sewer and Stormwater Rate Adjustments due to Increased Costs of Operation and Maintenance (Ordinance No. ORD-08-20)

Your approval is requested to amend Sections 2:61, 2:62, 2:63, 2:64, 2:65 and 2:69 of Chapter 29 of Title II of the Code of the City of Ann Arbor to adjust water, sewer and Stormwater rates for the increased costs of operation and maintenance, debt service and also to provide funds for improvements of the three systems. The amendments will provide revenue increases of 4.62% in water, 3.2% in sewer and 11.09% in stormwater.

The recommended rate changes in water, sewer and Stormwater are projected to increase revenues by \$812,028.00, \$605,509.00 and \$524,430.00 respectively. This additional revenue is needed to fund the expenditures in the FY09 budgets for these services, maintain the debt coverage ratio and provide for future infrastructure needs. The impact of these increases on the average single family customer is \$7.16 per quarter or \$28.64 per year. This assumes 21 units per quarter, second tier Stormwater and the 10% discount for payment on or before the due date.

This ordinance is recommended to take effect ten (10) days after legal publication or on July 1, 2008, whichever is later.

Prepared by: Karen Fletcher, Public Services Area
Reviewed by: Sue F. McCormick, Public Services Administrator
Approved by: Roger W. Fraser, City Administrator
ORDINANCE NO. ORD-08-20

First Reading : May 19, 2008
Public Hearing : June 2, 2008
Approved: June 2, 2008
Published: June 21, 2008
Effective: July 1, 2008

INCREASE WATER, SEWER AND STORMWATER RATES (ADJUSTMENTS DUE TO INCREASED COSTS OF OPERATION AND MAINTENANCE)

AN ORDINANCE TO AMEND SECTIONS 2:61, 2:62, 2:63, 2:64, 2:65 AND 2:69 OF CHAPTER 29 OF TITLE II OF THE CODE OF THE CITY OF ANN ARBOR

The City of Ann Arbor ordains:

Section 1. That Sections 2:61, 2:62, 2:63, 2:64, 2:65 and 2:69 of Chapter 29 of Title II of the

Code of the City of Ann Arbor be amended to read as follows:

2:61. Definitions.

Unless the context specifically indicates otherwise, the meanings of terms used in this chapter shall be as follows:

- (1) "Capital charge" shall mean charges levied to customers of the wastewater system and which are used to pay principal, interest and administrative costs of retiring the debt incurred for construction and/or capital improvements to the wastewater system. The capital charge shall be in addition to the user charge (including surcharges).
- (2) "Person" shall mean any individual, firm, association, public or private corporation or public agency or instrumentality.
- (3) "Premises" shall mean each lot or parcel of land, building or premises having any connection to the water distribution system of the city, or the sanitary sewer system of the city, or the stormwater system of the city.
- (4) "Customer charge" shall mean a monthly or quarterly base charge that recovers costs for billing, collection, customer service, and public involvement and public education activities.
- (5) "Residential 1 rate" shall mean the rate applied to the domestic meter usage for residential customers where four or fewer dwelling units are served off of the same meter.
- (65) "Residential 2 rate" shall mean the rate applied to the domestic meter usage for residential customers with both a domestic and a water only meter where four or fewer dwelling units are served off of the same meter.
- (76) "Impervious Area" means a surface area which is compacted or covered with material that is resistant to or impedes permeation by water, including but not limited to, most conventionally surfaced streets, roofs, sidewalks, patios, driveways, parking lots, and any other oiled, graveled, graded, or compacted surfaces.
- (87) "Property" means any land within the boundary of the City of Ann Arbor, both publicly and privately owned, including public and private rights of way, but excluding the Huron River.
- (9) "Peaking factor" shall mean a measure of the additional system capacity needed to deliver peak water volumes. The peaking factor is stated as the ratio of peak consumption to average consumption.
- (10) "Commercial 1 rate" shall mean the rate applied to the domestic meter usage for

commercial customers with a peaking factor of no greater than 5.0.

(11) "Commercial 2 rate" shall mean the rate applied to the domestic meter usage for commercial customers with a peaking factor of greater than 5.00 and no greater than 8.00.

(12) "Commercial 3 rate" shall mean the rate applied to the domestic meter usage for commercial customers with a peaking factor of greater than 8.00.

(138) Definitions listed in Chapters 27, 28, 33, and 63 shall also apply to this chapter.

2:62. Basis of charges.

Except for minimum charges that may be specified by ordinance, all water service shall be charged for on the basis of water consumed as determined by the meter installed in the premises of water or sewage disposal service customers by the city public services area. Except for minimum charges that may be specified by ordinance, all sanitary sewer service shall be charged for on the basis of water consumed, to the extent that such consumption reflects the return of water to the sanitary sewers as herein provided. Except for minimum charges that may be specified by ordinance, all Stormwater service shall be charged for on the basis of the impervious area of every property within the city. No free water service, sanitary sewer service or Stormwater service shall be furnished to any person.

Consumption data utilized for rate analysis shall reflect a 12 month period of water usage. This 12 month period shall be established by the public services area administrator or his/her designee. Classification into commercial tiers is based on the peaking factor of the building, regardless of the number of meters in the building and may be adjusted quarterly if the customer experiences a significant event. A significant event shall be one or more of the following: (1) a change in size of the connection, (2) a change in meter size, (3) a change in the number of meters or (4) other comparable change. A request for reclassification shall be made in writing to the office of the public services area administrator. Such reclassification shall apply prospectively from the date of the request. In the absence of a written request, the public services area administrator may, but is not required to, reclassify a property prospectively based on a significant event. Commercial customers without 12 months of representative consumption data shall be placed in the commercial tier best representing "like" customers with similar peaking factors.

2:63. Water rates.

(1) The commodity charges for water service shall be as follows. A unit shall constitute 100 cubic feet. The rates shown are per unit.

Residential 1

1--7 units \$~~1.07~~1.10

8--28 units \$~~2.25~~2.33

29--45 units \$~~3.64~~3.78

Over 45 units \$~~4.95~~5.24

Residential 2

1--7 units 1.10
8--28 units 2.33
29--45 units 2.33
Over 45 units 2.33

Water Only

1--7 units \$3.663.87
8--28 units 3.663.87
29--45 units 3.663.87
Over 45 units 3.663.87

Commercial 1

All Units \$2.302.43

Commercial 2

All Units \$4.63

Commercial 3

All Units \$7.94

Commercial Customer Charge per Quarter:

5/8" meter	\$12.90
3/4" meter	19.00
1" meter	30.30
1 1/2" meter	\$ 62.00
2" meter	97.00
3" meter	195.00
4" meter	308.00
6" meter	613.00
8" meter	1225.00

Residential Customer Charge per Quarter:

5/8" meter	\$11.25
3/4" meter	16.55
1" meter	30.30
1 1/2" meter	\$ 62.00
2" meter	97.00
3" meter	195.00
4" meter	308.00

6" meter	613.00
8" meter	1225.00

Fire Service Charge per Quarter:

1" service	30.50 37.00
1 1/2" service	30.50 37.00
2" service	30.50 37.00
3" service	30.50 37.00
4" service	60.00 73.00
6" service	60.00 73.00
8;inch service	60.00 73.00

2:64. Sewer rates.

(1) Commodity charge for customers in Ann Arbor shall be ~~\$2.82~~3.01 per 100 cubic feet of water flow of which ~~\$1.38~~1.39 is a user charge for wastewater plant operation, maintenance and replacement, ~~5448~~ cents is a user charge for field operation and maintenance of the sewer system, ~~11~~ cents is a user charge for system planning and administration and ~~90 cents~~\$1.03 is applied toward a portion of capital expenditures. Charges for sewer service provided to Ann Arbor Township, Pittsfield Township and Scio Township shall be as provided per the provisions of their respective wastewater treatment or sewer agreements with the City of Ann Arbor.

(2) Customer Charge per Quarter:

5/8" meter	\$10.57
3/4" meter	15.60
1" meter	26.50
1 1/2" meter	53.00
2" meter	84.50
3" meter	169.00
4" meter	265.00
6" meter	528.00
8" meter	1055.00

2:65. Residential Summer service billings.

The charges established in section 2:64 shall be applicable to residential bills rendered in each month, January to June, inclusive, except as hereinafter provided. To eliminate water consumed but not disposed of in public sanitary sewers rendered in each month, July to December, inclusive, shall be based upon prior water consumption on the premises as follows:

Bill Rendered:

Charges to be

**Same as a Bill
Rendered**

July	April
August	May
September	June
October	April
November	May
December	June

Where premises are billed on a monthly basis, the bills due in May through October shall be the same as the bill rendered in April of the same year. Where sanitary sewer service or water service was not used by any premises during the month or quarter on which the charges for any subsequent month or quarter are to be based, this section shall not be applicable but the charges for such subsequent month or quarter shall be based on the rates established in section 2:64. Whenever, in the discretion of the public services area administrator, application of the foregoing table would be inequitable because any customer consumes abnormal amounts of water during the winter months or consumes amounts of water of which an abnormal amount or proportion is returned to the public sanitary sewers during the summer months, the director may bill such customer on the basis of water consumed during each month or quarterly period and apply the rates specified in section 2:64. Any customer may, at his/her option, elect to be billed for sanitary sewer service on the basis of water actually consumed during each month or quarterly period. Both water service charges and sanitary sewer service charges shall, however, be billed on the same basis, either quarterly or monthly.

2:69 Stormwater Rates.

(1) Except as provided in this section and Section 33, all property shall be subject to the stormwater utility charge.

(2) Stormwater Discharge Rate. Each property shall be billed at a quarterly stormwater discharge rate of ~~\$279.40~~309.79 per acre multiplied by the representative impervious area of the property. The representative impervious area of the property shall be the measured impervious area, rounded to the nearest 0.01 acre, of the portion of the property discharging to the City's stormwater system, except for single-family and two-family residential properties and properties considered residential for storm and sewer. These properties have been grouped into the following categories based upon their measured impervious area:

Single-Family and Two-Family Residential		
Measured impervious area	Representative Impervious Area	Quarterly charge
Less than or equal to 2,187 square feet	0.04 acres	\$ 11.16 <u>12.39</u>
Greater than 2,187 square feet to less than or equal to 4,175 square feet	0.07 acres	\$ 19.53 <u>21.69</u>

Greater than 4,175 square feet to less than or equal to 7,110 square feet 0.12 acres ~~\$33.49~~37.17

Greater than 7,110 0.21 acres ~~\$58.61~~65.06

(3) *Customer Charge.* Each property shall be billed a customer charge of ~~\$6.30~~6.77 per quarter.

(4) *Credits to Stormwater Discharge and Customer Charges.* The City shall offer the following credits per quarter to property owners fully satisfying pertinent criteria established in Chapter 33 and in regulations promulgated by the Administrator:

Single-Family and Two-Family Residential	Reduce Total Charge by	
Rain Barrells (one or more)	\$1.79	
Rain Gardens / Cisterns / Dry Wells	\$2.80	
RiverSafe Homes	\$1.24	
Chapter 63-Coimpliant Stormwater Control	\$7.16	
	Reduce Stormwater Discharge	Reduce Customer Charge By
Other Properties	Rate by	
Community Partners for Clean Streams	0.0%	17.3%
Chapter 63-Complaint Stormwater Control	29.5%	0.0%
Other Approved Stormwater Controls	6.4%	17.3%

(5) *Charges for permitted non-stormwater discharges.* The charges for non-stormwater discharges to the stormwater system that are permitted by the public services area administrator according to Chapter 33, Section 2:217, shall be ~~\$0.27~~.30 per 1,000 gallons. If non-stormwater discharges to the stormwater system are controlled such that the discharges cease during periods of precipitation, then the above rate shall be multiplied by a factor of 0.3. For any month in which the user discharges into the stormwater system, there shall be a minimum bill for 100,000 gallons. Stormwater discharges exempt from discharge prohibitions under Section 2:216 (3) are not subject to this charge.

Section 2. This ordinance shall take effect on the tenth day following legal publication or on July 1, 2008, whichever is later.

CERTIFICATION

I hereby certify that the Council of the City of Ann Arbor, Michigan, adopted the foregoing ordinance at its regular session of June 2, 2008.

Date

Jacqueline Beaudry, City Clerk

John Hieftje, Mayor

I hereby certify that the foregoing ordinance received legal publication in the Ann Arbor News on June 21, 2008.

Jacqueline Beaudry, City Clerk